Raytheon



2011 CORPORATE RESPONSIBILITY REPORT

Contents

2

VISION, STRATEGY, GOALS AND VALUES

4

GOVERNANCE

6

ETHICS

8

ENGINEERING, TECHNOLOGY AND MISSION ASSURANCE

10

DIVERSITY

12

SAFETY AND WELLNESS

16

SUSTAINABILITY

20

SUPPORTING OUR COMMUNITIES

24

AWARD HIGHLIGHTS



We invite you to visit our website to learn more about Raytheon's ongoing sustainability initiatives and discover how our best practices are making an impact.

www.raytheon.com keyword: corporate responsibility



CAN THIS QR CODE WITH YOUR MARTPHONE TO VIEW OUR INTERACTIVE ORPORATE RESPONSIBILITY REPORT.

Dear Raytheon Stakeholders,

R aytheon's commitment to corporate responsibility is stronger than ever. We may be in a challenging environment, but this is no time for shortcuts or to change course. Our commitments to our shareholders, our customers, our employees, our communities and future generations are more lasting than that. They are steadfast and deep.

As you will see in this 2011 Raytheon Corporate Responsibility Report, if anything, our commitments have only grown during the past year.

One area where we grew was internationally. The continued success of Raytheon's international strategy provided 29 percent of our 2011 bookings and has us doing business in 81 countries. Thus, we enhanced our international governance and compliance program to maintain our contemporary governance platform. We are a leading supporter of the International Forum on Business and Ethical Conduct — an international aerospace and defense industry initiative promoting ethical business behavior. We are focusing on building "cultural competence" to strengthen our relationships with customers and communities around the world. We are also ensuring that our health and wellness programs reach employees in all of our global locations.

Our award-winning sustainability efforts continue to progress and be a source of pride. We now have 15 sustainability goals in our Environmental, Health and Safety, Operations, Supply Chain, Engineering and Information Technology functions for completion by year-end 2015. In 2011, we strengthened our sustainability governance structure to better coordinate and align our efforts throughout the company.

Raytheon finished 2011 with our safest year in company history. Yet we have set our sights even higher with a commitment to have all of our major U.S. sites participating in the Occupational Safety and Health Administration (OSHA) Voluntary Protection Program (VPP) by 2013. Already, more than half of our employees work at a site having achieved OSHA VPP "Star" status, the highest level of OSHA certification.

In the area of science, technology, engineering and mathematics (STEM) education, Raytheon's MathMovesU* programs have now touched the lives of more than 3 million students, teachers and parents. The impact of our MathMovesU programs, partnerships, scholarships, grants and giving, and international reach was reinforced by our employee volunteers, who doubled their logged volunteer hours in 2011 over the previous year with activities that included mentoring and tutoring, science fairs and math team coaching, and school visits.

We can never thank our service members, veterans and their families enough, which is why Raytheon's armed services support remains a central focus. Our partnership with the Wounded Warrior Project* (WWP) enabled them to exceed all their goals in 2011. WWP added five transition training academies, graduated 647 students and achieved a 100 percent CompTIA certification test pass rate — outstanding results that directly benefit our veterans and wounded warriors. In addition, we continued our support of Operation Homelink's mission to provide computers to families of junior enlisted servicemen and women, so they can stay connected while loved ones are deployed.

All of our corporate responsibility efforts are guided by Raytheon's Vision, Strategy, Goals and Values. They are consistent and proven, and serve to align our 71,000 employees in all that they do for our stakeholders. Time after time, I am continually impressed by how passionate our employees are about corporate responsibility. They want to make a difference, which is one of the many reasons why I am so proud to be a member of the Raytheon team for 40 years.

Respectfully,

William H. Swanson Chairman and Chief Executive Officer



Raytheon's Vision, Strategy, Goals and Values (VSGVs) are the foundation of the company. They focus and unify Raytheon's employees across six businesses and several geographies and markets that span the globe. They show us how we're better together and are the essence of our One Company strength. Knowing and applying the VSGVs to our individual and group performance and our everyday work is everyone's responsibility.

Vision, Strategy, Goals and Values

ONE COMPANY. ONE VISION.

$\mathbf{ }$

Vision

To be the most admired defense and aerospace systems company through our world-class people, innovation and technology.

Strategy

Focus on key strategic pursuits, Technology, and Mission Assurance, to sustain and grow our position in our four core markets:

- Sensing: Provide the breadth of sensing solutions required to meet our customers' mission needs.
- Effects: Leverage kinetic energy-based expertise into EW, directed energy and cybersolutions.
- C3I: Broaden market presence in communications, C2, networking and knowledge management.
- Mission Support: Expand product support, engineering services and training. Leverage our domain knowledge in air, land, sea, space and cyber for all markets.

Expand international business by building on our relationships and deep market expertise.

Continue to be a Customer Focused company based on performance, relationships and solutions.

Deliver innovative supply chain solutions to accelerate growth, create competitive advantage and bring valued, global solutions to our customers.

0

Goals

CUSTOMER

Be regarded as a Customer Focused company based on performance, relationships and solutions.

GROWTH

Grow revenue faster than the market. Build on good performance in improving cash flow. Execute well and with predictability.

PEOPLE

Retain and attract world-class talent while providing superior opportunities for further individual development. Treat all employees with respect. Leverage our diversity efforts as a competitive advantage, continuing Raytheon's leadership in diversity.

PRODUCTIVITY

Improve ROIC for Raytheon Company. Take Raytheon Six Sigma[™] to the next level, further engaging customers and partners. Deliver greater value and predictability through the Integrated Product Development System (IPDS), Earned Value Management System (EVMS) and Capability Maturity Model Integration (CMMI[®]).

☆

Values

PEOPLE

- Treat people with respect and dignity.
- Welcome diversity and diverse opinions.
- Collaborate with our fellow employees to improve skills.
- Recognize and reward accomplishment.
- Foster teamwork and collaboration.

INTEGRITY

- Be honest, forthright and trustworthy.
- Use straight talk; no hidden agendas.
- Respect ethics, laws and regulations.

COMMITMENT

- Honor commitments to customers, shareholders, suppliers, the community and each other.
- Accept personal responsibility to meet commitments; be accountable.

EXCELLENCE

- Improve performance continually.
- Achieve innovation in all that we do.
- Stress quality, productivity, growth, best practices and measurement.
- Always strive to be the best.



We maintain a keen focus on good corporate governance. We believe that a commitment to good governance enhances stockholder value and goes beyond simply complying with applicable requirements. It means adhering to the highest standards of ethics and integrity. To that end, we have adopted a number of policies and processes to ensure effective corporate governance.



Governance

CONSTANT FOCUS ON OUR COMMITMENTS TO SHAREHOLDERS, EMPLOYEES, PARTNERS AND COMMUNITIES IN A CHANGING BUSINESS ENVIRONMENT

At Raytheon, we maintain a keen focus on good corporate governance. We believe good governance requires unwavering independent board oversight, accountability and transparency, as well as open and proactive communication with all constituencies. While this fundamental philosophy does not change, good governance itself is not static — we continually adapt and evolve our governance practices in the context of our changing business environment.

MAINTAINING A CONTEMPORARY GOVERNANCE PLATFORM

Raytheon's contemporary governance platform is illustrated by the following key features, which have been adopted over the last several years. Further details on our governance practices are available in our Proxy Statement and on our website at www.raytheon.com/investorrelations/governance.

- Nine out of 10 of our directors are independent under NYSE standards;
- All key board committees consist entirely of independent directors;
- A strong, independent lead director complements the role of our board chairman and CEO;
- Strict limits are placed on the number of boards on which directors can serve;
- We have annual elections and majority voting for directors;
- In advance of regulatory requirements, we have instituted a clawback policy and a prohibition on hedging for officers and directors;
- We provide clear and understandable proxy disclosure on governance and executive compensation; and
- Shareholder access is enhanced through shareholder rights to call special meetings and our shareholder outreach program.

ENSURING PROACTIVE DIALOGUE WITH SHAREHOLDERS AND OTHER CONSTITUENCIES

To ensure proactive dialogue with our constituencies, we regularly engage with them on a number of fronts, including through traditional and social media, regulatory filings, and personal contact. We communicate with shareholders and other interested parties about our business and performance, governance, executive compensation and other matters of constituency interest on a global and local basis. We seek productive and open exchanges of views and evaluate input received to ensure that we maintain best governance practices. Communications with the company may be made through www.raytheon.com/contact.

FOCUSING ON RISK MANAGEMENT IN A CHALLENGING BUSINESS ENVIRONMENT

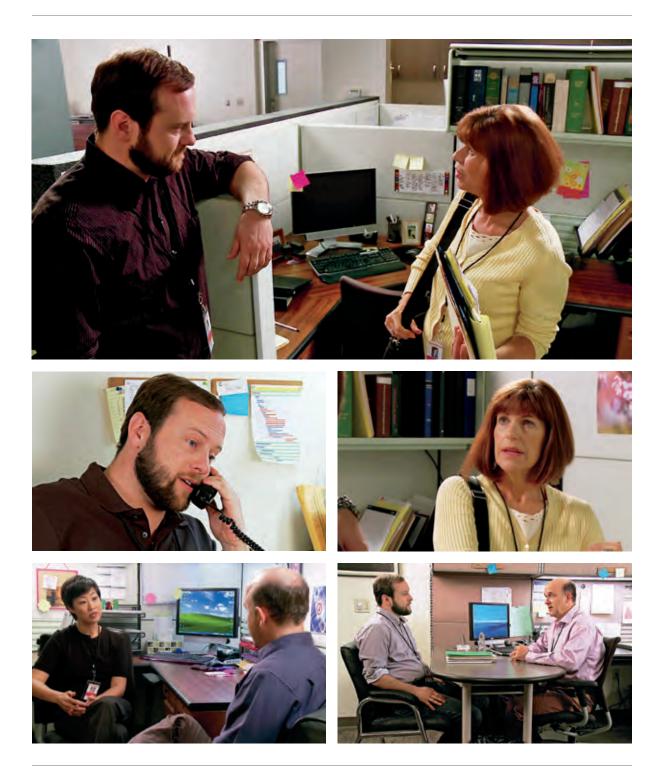
In the current challenging business environment, we believe a consistent focus on risk management and oversight is crucial to maintaining and enhancing shareholder value. We employ a rigorous, process-driven, enterprisewide risk management program to identify, assess and prioritize risks across the company. Top risks and associated mitigation plans are actively followed by senior management and reported periodically to the board. We also manage risk through numerous controls and business processes embedded in operations, which we periodically report to the board and its committees.

MEETING THE CHALLENGES OF A CHANGING BUSINESS LANDSCAPE THROUGH GOOD GOVERNANCE

With a focus on our growing international business, we maintain a leading edge in governance and compliance through innovative and effective programs to ensure that all our activities are conducted with integrity, in full compliance with laws and regulations, and with respect for the cultures of our business partners.

Ethics and compliance education is the cornerstone of our programs. We have enhanced our anti-corruption curriculum, tailoring the content of our online and face-to-face training to our employees' specific jobs and functions, based on realistic scenarios. We communicated "FCPAware" video vignettes to employees to heighten awareness of international compliance issues, which in total were viewed 54,000 times.

We have brought new focus to key international policies, including policies on due diligence for international suppliers, business travel and entertainment, and offset arrangements. We have launched an internal controls self-assessment process, which includes use of quarterly anti-corruption certifications. We also have formed an Anti-Corruption Sustainment Working Group to communicate, educate, monitor and assess the effectiveness of our policies, processes and internal controls to prevent and detect potential violations of anti-corruption laws.



Our "EthicSpace" series provide short video clips that tell stories about ethical concerns faced by our employees. Episodes are delivered to employees via email each quarter and cover topics such as use of social media, labor charging, competitive intelligence, and reporting concerns.

EthicSpace

Ethics Demonstrating our values through our actions

ETHICS EDUCATION

Creative presentation of ethics issues in the workplace using engaging video vignettes continues to be a winning formula for promoting employee ethics awareness and guiding ethical decision-making. Our annual education classes provide employees with an opportunity to view stories scripted from actual cases, in which characters respond to situations where taking an "ethics check" would have changed the outcome favorably. Discussion of these "Ethics Checkpoint" vignettes encourages employees to "pause, take an ethics check, then proceed," when they are faced with ethical concerns at work. Our Ethics Checkpoint education program is required learning for all employees, and in 2011 presented topics including conflicts of interest, providing business courtesies to government officials, and reporting quality concerns. Employee survey data tells us that employees learn about the company's Ethics expectations from Ethics Checkpoint, and 80% find it useful in guiding their decisions at work.

Our "EthicSpace" education program also is extremely popular with employees. "EthicSpace" videos are just a few minutes long, and several episodes are issued to employees via email each quarter. Based on actual situations, Ethic-Space episodes present ethical dilemmas and show how the characters handled them. Recently, EthicSpace topics included use of social media, labor charging, competitive intelligence, and reporting concerns. In 2011, employees also completed more than 150,000 online compliance education modules, which cover a wide range of topics, including various laws and regulations impacting government contractors.

INTERNATIONAL INITIATIVES

Since 2005, Raytheon has been a leader driving an international aerospace and defense industry initiative to promote ethical business behavior called the International Forum on Business Ethical Conduct (IFBEC). We helped draft and were among the first signatories of the IFBEC's Global Principles of Ethical Business Conduct in 2009. Raytheon continues to serve on IFBEC's governing Task Force today.



Ethics Checkpoint is a decision-making tool to encourage employees to pause and take an "ethics check" before proceeding with an action.

PERFORMANCE MEASURES

We use a range of metrics to measure our success and to develop facts and data to focus future educational programs. In 2011, the Ethics Office received more than 4,300 contacts, nearly 90% of which were employees seeking advice. In addition, more than 400 investigations of alleged misconduct were completed. Where misconduct was substantiated, discipline up to and including termination was imposed.

ENGAGEMENT WITH COMMUNITY

The Ethics Office promotes business ethics in partnership with academic institutions in our communities. For example, we sponsor Bentley University's business ethics lecture series, serve on an advisory board providing practitioner input for the Business Law and Ethics program at Suffolk University, present webinars at the University of Notre Dame's business school, and sponsor an intercollegiate ethics case competition. In these ways, we communicate our values with our communities and share best practices.

AWARDS

Our EthicSpace and Ethics Checkpoint videos won several Telly awards for excellence in corporate training films in 2011. In January 2012, Patricia Ellis, Raytheon's vice president-Business Ethics & Compliance, was named the inaugural recipient of the Carol R. Marshall award, given by the Ethics Resource Center, which conducts the National Business Ethics Survey and cutting-edge research in business ethics. This award recognizes a chief ethics and compliance officer for innovative leadership building and enhancing a corporate ethics and compliance program.



Jay Stephens, Raytheon senior vice president, General Counsel and Secretary, and Patti Ellis, vice president, Raytheon Business Ethics & Compliance, proudly hold the Ethics Resource Center's first Carol R. Marshall Award, which recognized Raytheon's commitment to ethical leadership and employee awareness and education.



On January 4, 2012, a "Blue Marble" image of the Earth was taken from the Raytheon VIIRS instrument aboard NASA's recently launched Earth-observing satellite Suomi NPP. In order to capture the daily global images, VIIRS rises from the south and sets in the north on the daylight side of Earth in a sun-synchronous orbit. This path allows for consistent image angles, lighting and data capture. Successive orbits overlap one another throughout the day to acquire swaths measuring 1,900 miles across, resulting in a complete image of the globe.



Scan this QR code with your smartphone to learn more about VIIRS

Engineering, Technology and Mission Assurance

LEVERAGING OUR DEFENSE TECHNOLOGY FOR SUSTAINABILITY

Raytheon's engineers and scientists successfully leverage our state-of-the-art defense technologies in a number of applications focused on sustainability and safety.

ADVANCED SENSING AND WEATHER PREDICTION

The recently launched NASA National Preparatory Project spacecraft using the Raytheon Visible Infrared Imager Radiometer Suite (VIIRS) sensor has produced its first images showing the earth in unprecedented sharpness and detail. VIIRS provides global imagery, land and sea surface temperature monitoring, cloud characterization and other key environmental data of great value to the weather and climate monitoring communities.

Raytheon also provided the new Common Ground System featuring a flexible design to manage nearly a terabyte of information daily to support enhanced environmental data records used by National Oceanic and Atmospheric Administration and the U.S. Air Force Weather Agency to fulfill their critical weather forecasting responsibilities.

CONTROLLED IMPACT RESCUE TOOL™

Raytheon is providing the Controlled Impact Rescue Tool, a self-contained, safe and portable unit designed to aid fire departments, local and federal rescue agencies, and the military services to help save lives in disaster situations. The tool transmits pulverizing shock waves enabling rescuers to breach concrete structures and rescue people faster than with existing techniques.

IMAGING THE JAPANESE TSUNAMI

Raytheon's Moderate Resolution Imaging Spectroradiometer (MODIS), the keystone instrument on the Earth Observing System Terra and Aqua satellites, has proved to be a major asset to the scientific community for the observation of global climate events. The sensor is used to observe and monitor fires, volcanic eruptions, dust storms, hurricanes and floods. In the aftermath of the March 2011 earthquake and tsunami in Japan, MODIS provided critical imagery that helped to track the scale of the devastation. MODIS' true-color imagery showed the extent of fires across the country, while false color images, combining both visible and infrared light, showed the extent of flooding along the coastline. The imagery also showed a bright orange-red thermal signature from fires caused by the earthquake near the city of Sendai.

At the same time, Raytheon's Shared Reconnaissance Pod sensors on the Global Hawk[®] supported reconnaissance flights over the Japanese mainland that mapped the devastation and helped to find several hundred survivors who were previously unknown to the U.S. Forces and the Japanese government.

CENTER FOR PUBLIC SAFETY

Raytheon is working with the University of California, Los Angeles (UCLA) to engage in a strategic relationship with the Henry Samueli School of Engineering and Applied Science for the establishment of the UCLA Center for Public Safety Network Systems. The Center will be located at UCLA and managed by the UCLA Institute for Technology Advancement (ITA).

To lay the foundation for the new center, we initially committed \$1 million for three years to the UCLA ITA to manage the conduct of research related to public safety networks.

The mission of the UCLA Center for Public Safety Network Systems is to bring together academia, industry and public safety agencies to provide technical leadership, to establish a collaborative forum for research, and to define standards for public safety networks. The center will operate to benefit public safety agencies and guide the public safety community in the evolution of technologies and standards.





RAYTHEON DIVERSITY





HOLA Hispanic Organization for Leadership and Advancement



RAYBEN Raytheon Black Employees Network



GLBTA Gay, Lesbian, Bisexual, Transgender, and Allies



















YESNET Young Employee Success Network

To advance an inclusive culture at the company, various Employee Resource Groups (ERGs) have been formed to take on projects both within Raytheon and in our communities. These groups allow employees to communicate diversity issues and concerns in a neutral environment, as well as to network with other employees.

Diversity moving from awareness to action

To meet business challenges, deliver superior solutions, and increase our competitive advantage, we need to fully leverage diversity at Raytheon. As such, building an inclusive culture is a strategic priority for our company. We seek to provide an environment where employees and business partners feel valued and empowered to perform at a peak level, regardless of the differences among us.

DIVERSITY SUMMITS

An important step in Raytheon's diversity and inclusion journey is ensuring that all leaders master skills and model behaviors reflecting respect and inclusion values. In 2011, regional Diversity Summits entitled "Leaders Make the Difference — Building Diversity Competencies" were held across the company to engage 800 middle managers in experiential learning focused on building critical diversity competencies. The interactive one-day events helped position participants as leaders in the creation of an inclusive and high performing organization.

CULTURAL COMPETENCE — ESSENTIAL TO DIVERSITY COMPETENCY

We focus on building "cultural competence" to strengthen our relationships with customers, communities around the world, and in our workplaces. We view cultural competence as the understanding of the dynamics of cultural differences and the ability to reduce risk and maximize opportunities inherent in them. By being more culturally competent, we can increase our efficiency, effectiveness and capabilities in our growing international business and at home.

Our commitment to cultural competence is reinforced through efforts to recognize and respect human rights in all countries in which we do business, including working with suppliers and business partners to ensure flow-down of our principles in their activities on our behalf.

DIVERSITY IN OUR SUPPLY CHAIN

Raytheon's commitment to diversity and inclusion extends to our suppliers. Historically more than 50% of Raytheon's supplier excellence award winners have been small businesses, and that trend continued in 2011. Many of these companies contributed to Raytheon's technology innovation or enhancement under the Small Business Innovation Research Program and the Mentor Protégé Program or demonstrated commitment to continuous improvement by participating in Raytheon's Six Sigma for Suppliers developmental assistance program. Small businesses were awarded \$2 billion amounting to 34% of purchases of products and services in 2011. Additionally, as a percentage of total contracts awarded in the year, small, disadvantaged businesses received 6.9%; women-owned small businesses received 4.4%; veteran-owned small businesses received 5.8%; service disabled small businesses received 1.9%; and certified hub zone small businesses received 1.2%.

EMPLOYEE RESOURCE GROUPS

We team with Raytheon Employee Resource Groups (ERG) as strategic business partners to advance our diverse and inclusive culture. ERGs provide insights stemming from their members' unique experiences that are invaluable to the promotion of an inclusive environment. They focus on career development, retention, recruitment and community outreach within their specific affinity groups and across the company and also serve as neutral forums for employee engagement and dialogue about diversity issues.

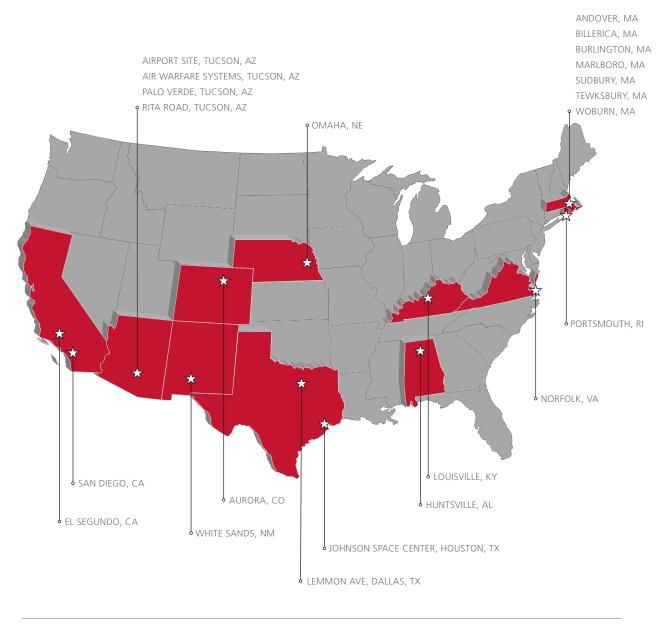
In 2011, a new ERG — Young Employee Success Network (YESNET) — was recognized to foster a supportive and inclusive workplace for early career employees. YESNET supports talent development and retention by providing professional and personal development activities to employees with five or fewer years of work experience. YESNET also creates a crucial link among employees to bridge gaps in a multigenerational workforce.



Raytheon's Chief Diversity Officer, Hayward Bell, sits with Chairman and CEO William H. Swanson to discuss diversity and inclusion. Their discussion, which kicked off the company's regional Diversity Summits on the theme of "Leaders Make the Difference," encouraged attendees to help others understand why diversity is so important to what we do every day at Raytheon.



RAYTHEON'S OSHA VOLUNTARY PROTECTION PROGRAM "STAR" CERTIFIED LOCATIONS



Voluntary Protection Program (VPP) is OSHA's premier program for recognizing worksites with exemplary safety programs that satisfy rigorous criteria. Through 2011, we have 22 VPP "Star" certified locations where approximately 36,000 employees work. By 2013, our goal is to attain OSHA VPP "Star" certification at all of our major domestic sites.

Safety and Wellness

PROTECTING WHAT MATTERS MOST... OUR PEOPLE

We continue to make significant strides in safety and wellness by implementing innovative programs and partnering with our employees, with regulators, and with our communities.

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA) VOLUNTARY PROTECTION PROGRAM (VPP)

VPP is OSHA's premier program for recognizing worksites with exemplary safety programs that satisfy rigorous criteria. Our goal is to have all of our major U.S. sites participating in the OSHA VPP by 2013. Through 2011, we have 22 VPP "Star" certified locations, at which approximately 36,000, or 50%, of our employees work. Raytheon's three largest operating locations, Andover, Mass.; El Segundo, Calif.; and Tucson, Ariz., have been awarded VPP "Star" certification and each represents the largest VPP site in their respective state.

INJURY PREVENTION

Providing an injury-free workplace is a priority at all levels of the company. From our board of directors, our CEO and senior leadership team, to employees on the shop floor, we are actively engaged in tracking our injury rates and taking steps to eliminate injuries.

In moving toward our ultimate goal of an injury-free workplace, Raytheon tracks three OSHA performance measures: recordable injury rate; lost workday injury rate; and Days Away/Restricted or Transferred Rate (DART). Since 1999, Raytheon has reduced its OSHA recordable injury rate by 72% and its lost workday injury rate by 65%. In 2011, through best-in-class safety programs and strong leadership engagement, our recordable injury rate decreased 21% from 0.73 to 0.58, our lost workday injury rate decreased 27% from 0.22 to 0.16 and our DART rate decreased 23% from 0.35 to 0.27.

LEADING INJURY CAUSES AND SOLUTIONS

The leading causes of injury within the company are ergonomics and slips, trips and falls. We define ergonomic injuries broadly to include repetitive motion injuries and other injuries that involve pushing, pulling, lifting or lowering. During 2011, in our continuing effort to incorporate Environmental, Health and Safety (EHS) considerations into Raytheon's core processes, we successfully integrated safety and ergonomics into the Lean Manufacturing initiative. We also focused on reducing injuries through awareness initiatives, including an innovative EHS/Ethics vignette highlighting the risks of injury from slips, falls and distractions.

INTEGRATED DISABILITY PROGRAM

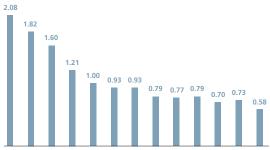
Raytheon is an industry leader in all phases of occupational and non-occupational disability management. Through the use of innovative tools, training and educational initiatives, we focus on early intervention and safe returns to a productive work setting.

These goals are accomplished through collaboration among key functional disciplines across the company. Our Integrated Disability Programs, Global Health Resources, EHS and Communications teams have partnered to reduce non-occupational injuries and illnesses by highlighting the need for employees to be safe both on and off the job. Through Raytheon's extensive communications network, messages to employees build awareness of common non-occupational injuries and preventive techniques to ensure our employees' health and safety.

ENVIRONMENTAL, HEALTH AND SAFETY AUDITS

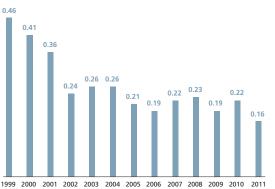
Our robust EHS internal audit program performs approximately 25 audits per year to assess compliance with environmental, health and safety laws and regulations, as well as internal policies and standards. Locations are

OSHA RECORDABLE INJURY RATE (PER 100 EMPLOYEES)



1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011

LOST WORKDAY INJURY RATE (PER 100 EMPLOYEES)

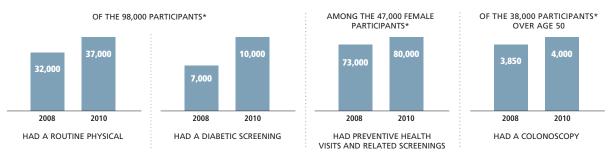


13





HIGHLIGHTS OF OUR PROGRESS WITH MISSION:HEALTH



Participants refers to Raytheon employees, their spouses/same-sex domestic partners and their adult children participating in a Raytheon-sponsored health plan.

prioritized for audits based on risk and complexity of operations. The types of audits performed include compliance, OSHA VPP gap assessments and OSHA recordability.

COMPLIANCE

We look to our regulatory compliance record to help measure the effectiveness of our EHS audit program. In 2011, federal, state and local regulatory agencies conducted 142 environmental, health and safety inspections of Raytheon operating locations. Three notices of violation (NOV) were issued. Two related to electrical safety issues, with one resulting in a fine of \$11,600. The third related to a point of contact update requirement on a safety plan, where no fine was assessed. We perform a thorough rootcause analysis for each NOV and share "lessons learned" across the company to prevent recurrence.

MISSION:HEALTH

Under the Mission:Health umbrella, the company offers comprehensive health and wellness programs, services and resources to employees and their families to encourage them to adopt and maintain healthy lifestyles. We strive to foster a culture that supports employee health through fitness programs, healthy eating choices, health screenings, and preventive health programs and resources, with a goal of healthier employees and increased productivity.

Since Mission:Health debuted in 2008, we have focused on conditions that are most prevalent among our employees and their families including heart disease, diabetes, cancer

and musculoskeletal conditions. Because preventive care plays an important role in identifying disease and maintaining proper health, we actively encourage employees and their families to take advantage of these services.

Aggregate insurance claims data, which reflects the experience of our employee population as a whole, shows that our programs are taking effect. Over the last three years, there has been an increase in the number of people seeking preventive care and related screenings. The following sampling of milestones from June 2011 shows the progress being made:

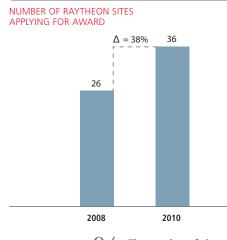
In 2011, on-site employee health screenings were well attended at our facilities in the United States and Canada. Screenings included blood pressure, cholesterol, blood sugar, body mass index, waist circumference and health coaching. Additionally, employees are offered an online health risk assessment. Analysis of employees who completed the health risk assessment year over year shows improvement in nutrition, physical activity and reduced tobacco use.

The annual Healthy Worksite award recognizes Raytheon locations for supporting and fostering a culture of wellness and encouraging employee engagement. Of our 71,000 employees, approximately 55,000 work at a facility designated as a healthy worksite. The program's strides in increasing healthy lifestyle awareness are evident. In 2011, 15 sites achieved the highest level awards (gold and platinum), compared with eight in 2010.

In 2011, "Operation: Eat Smart, Drink Smart, and Snack Smart" was rolled out in partnership with our food service vendor to encourage healthy eating choices across

RECOGNITION FOSTERS PROGRAM ENGAGEMENT AND IMPROVEMENT

Raytheon has seen an improvement in site owner and leadership engagement in wellness, as well as the quality of wellness programming globally.



The number of sites winning awards has increased by 38% since the program was implemented.

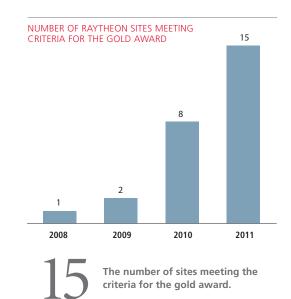
Raytheon. The program provides healthy options in an easy-to-use format for employees using the onsite dining centers and vending machines. Wherever employees see the new logos, they know that item is a healthier choice.

INTERNATIONAL PROGRAMS AND SERVICES

As our international business grows, our Global Health Resources (GHR) organization is focused on ensuring that our health and wellness programs reach employees in all locations. International clinical team meetings facilitate information exchange and understanding of country-specific occupational requirements and encourage collaboration and participation in Wellness programming and GHR strategic initiatives. Participants include representatives from Canada, the United Kingdom, Spain, Germany, Saudi Arabia, the United Arab Emirates, Egypt and Australia. Over the last year, we have seen an increase in internationally-based employee participation in the Quit for Life[®] tobacco cessation program and the "Shape Up Raytheon" program.

WORK/LIFE PROGRAMS

Raytheon offers a wide variety of customized programs and services to help our diverse workforce and their families cope with the everyday and out-of-the ordinary stresses that can affect health and productivity. In 2011,



we continued to educate our employees about available services and programs, including:

- Integrated employee assistance program and resource and referral programs;
- Back-up care advantage program, providing child and adult care to employees when their usual care arrangements are unavailable;
- Enhanced eldercare program that provides in-home assessment, evaluation and recommendations for elder family members;
- Flexible work arrangements to maximize work/life effectiveness for employees;
- Financial counseling services;
- Group legal plan offering access to a nationwide network of attorneys who can help with a variety of legal matters; and
- Estate planning for special needs dependents.

In response to employee requests for assistance with autism-related issues, Raytheon introduced the Autism Support Program in 2011. Additionally, the Adoption Assistance benefit was enhanced in 2011, to provide employees further financial assistance with the adoption process.

OUR 2015 SUSTAINABILITY GOALS



ENERGY CONSERVATION 10% reduction in energy consumption



WASTE DISPOSAL 35% reduction in landfill/incinerated waste



ELECTRONIC WASTE 100% responsible disposition of electronics



FLEET PETROLEUM 20% reduction of petroleum used in fleet vehicles



TRAVEL/SUPPLIER GHGs 5% decrease in greenhouse gases from travel and certain suppliers



GREENHOUSE GASES 10% reduction of GHG emissions



RECYCLED PAPER USE Recycled paper in all copiers/printers



RENEWABLE ENERGY 5% of energy from renewable resources



IT ENERGY USE Improve efficiency/reduce energy from IT equipment by 1 MW



PRODUCT MATERIAL CONTENT Establish material content identification system



WATER CONSERVATION 25% decrease in water use



ECO-FRIENDLY PROCUREMENT 20% increase of eco-friendly procurement



MATERIALS OF CONCERN IN DESIGNS Eliminate/reduce in new and existing product designs



SUPPLIER SUSTAINABILITY Increase sustainability criteria in source selection processes



GREEN BUILDINGS 100% LEED[®] certification for new/modified buildings

The company continues to be a sustainability leader by setting aggressive, measurable, absolute reduction goals. Raytheon now has 15 long-term sustainability goals in operations, supply chain, engineering, EHS and information technology. A scorecard has been developed to facilitate communication of goals and accomplishments to company leaders and the Board of Directors.

Sustainability

REDUCING OUR ENVIRONMENTAL IMPACT

Raytheon's sustainability program seeks to protect our environment and conserve natural resources by engaging our employees, customers, suppliers and communities. Our focus areas include energy efficiency, greenhouse gas reduction, waste reduction and recycling, water conservation, design for sustainability, an eco-friendly supply chain, and environmental stewardship.

SUSTAINABILITY GOVERNANCE STRUCTURE

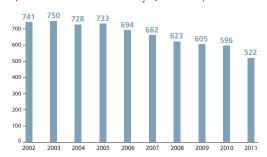
During 2011 we formalized our sustainability governance structure, with an enterprise effort led by our Senior Vice President and General Counsel. Governance is overseen by an Executive Advisory Council comprised of senior leadership team members. Interfacing directly with the Executive Advisory Council is a Steering Team made up of vice presidents led by the Vice President of Business Services. The enterprise sustainability team is comprised of subject matter experts from across the company. The team reports to the Steering Team and they develop and deploy strategies, programs and initiatives.

SIGNIFICANTLY REDUCING GREENHOUSE GAS EMISSIONS

Raytheon began measuring and reducing its greenhouse gas emissions footprint in 2002 when it joined the U.S. Environmental Protection Agency's (EPA) Climate Leaders Program. Since then, Raytheon has cut greenhouse gas emissions by 30%, preventing over 750,000 metric tons of emissions cumulatively. Last year, the company exceeded its 10% greenhouse gas reduction goal four years ahead of schedule, by reducing emissions 16% from the 2008 baseline.

In 2011, the company's greenhouse gas emissions were 522,000 metric tons of carbon dioxide equivalents. Approximately 92% of the emissions are related to the company's energy consumption. The company's green-

GREENHOUSE GAS EMISSIONS (THOUSAND METRIC TONS OF CO. EQUIVALENTS)



GREENHOUSE GAS EMISSIONS



house gas emissions consisted of 82% in indirect emissions (mainly purchased electricity) and only 18% in direct emissions (mainly natural gas usage).

FOUNDING SUPPORTER OF THE DESTINATION GIGATON INITIATIVE

Raytheon is a founding supporter of the Destination Gigaton Initiative, a climate program developed by the World Wildlife Fund and the Carbon Disclosure Project[®]. This initiative encourages industry to reduce greenhouse gas emissions by approximately one gigaton, by 2020, in line with scientifically based climate targets.

ENERGY MANAGEMENT AT RAYTHEON

Energy consumption dropped 9% since 2008, and has declined 17% since 2002, cumulatively reducing costs by \$17 million since 2008 and \$80 million since 2002. These reductions were achieved through energy conservation, hundreds of energy efficiency projects, and millions of dollars of equipment upgrades.

RAYTHEON AWARDED ENERGY STAR® SUSTAINED EXCELLENCE

The EPA awarded Raytheon the 2012 ENERGY STAR[®] Sustained Excellence Award for our successful strategies and programs to reduce energy consumption, improve





For the fifth consecutive year, Raytheon received the EPA's 2012 ENERGY STAR Sustained Excellence Award, the highest honor given to ENERGY STAR partners.

ENERGY REDUCTION

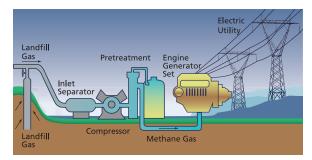


energy efficiency and cut greenhouse gas emissions. This is the fifth consecutive year that Raytheon has received the Sustained Excellence Award, and the eighth time in 12 years that we have been recognized under the ENERGY STAR program.

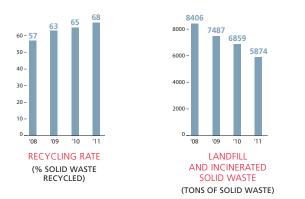
RENEWABLE ENERGY AND THE EPA'S GREEN POWER PARTNERSHIP

We are well on our way to achieving our 2015 goal to purchase or generate 5% of the company's electricity consumption from renewable energy sources. In 2011, 4%, or 36,000 megawatts, of our electricity was purchased from renewable energy sources, including wind farms in Indiana and Iowa, and a landfill gas project in Texas.

Raytheon joined the EPA's Green Power Partnership program in 2011 to further its commitment to renewable energy. We were recognized by the EPA as a "Top Green Power Purchaser" on the Fortune 500 List.



Five North Texas Raytheon sites are now powered by a source of renewable energy — energy produced from methane gas emitted from a local landfill. The gas-to-energy landfill project is one of many aggressive steps Raytheon has taken to reduce its carbon footprint and operate more sustainably.



LANDFILL AND INCINERATED WASTE

35[%] ²⁰¹⁵ REDUCTION GOAL



SUSTAINABLE BUILDINGS

Raytheon seeks to incorporate sustainability elements into the design, construction and operations of our facilities. The company utilizes the sustainability criteria and guidelines contained in the Leadership in Energy and Environmental Design (LEED) system, developed by the U.S. Green Building Council. Raytheon has LEED certification at three new construction and two commercial interior projects and several LEED projects are in process.

HIGHEST RECYCLING RATE ACHIEVED

Raytheon continues to aggressively pursue recycling of waste. In 2011, Raytheon achieved its highest recycling rate to date, reusing or recycling 68% of the solid waste generated.

DIVERTING WASTES FROM LANDFILLS AND INCINERATORS

We divert solid waste from landfills and incinerators to minimize the impact on the environment. Since 2008, the amount of solid waste disposed of in landfills and incinerators has been reduced 30%. We have reduced our solid wastes by 45% and our hazardous waste by 65% since 2004, normalized by revenue.

SUSTAINABILITY



WATER CONSERVATION



RAYTHEON NAMED WASTEWISE® PARTNER OF THE YEAR

In 2011, the EPA selected Raytheon as the WasteWise Partner of the Year in the large business category. The national award recognizes Raytheon's environmental commitment and outstanding achievements in waste reduction, recycling, and eco-friendly procurement.

GREEN INFORMATION TECHNOLOGY (IT)

Raytheon's green IT initiative generates significant cost savings while still innovatively supporting internal customers' IT needs. Energy reductions have been achieved through server virtualization, modified data center design and more efficient use of computers in data centers. Since 2008, Raytheon has reduced its power demand for server rooms equal to the power demand of 2,500 homes — and reduced annual expenses for equipment and electricity by more than \$26 million.

ECO-FRIENDLY SUPPLY CHAIN

Raytheon is integrating sustainability throughout its supply chain. Examples include:

- Use of washable plates and silverware and environmentally-preferable biodegradable materials in many of our cafeterias;
- Sourcing of paper containing 30% post-consumer recycled content;
- Electronic invoicing of suppliers, which in 2011 occurred with 82% of supplier invoices; and
- Automation and digitization of procurement processes, which in 2011 occurred with over 450,000 transactions.

DESIGN FOR SUSTAINABILITY

We seek to integrate sustainability into our products by working to minimize the use of materials of concern and the potential for life cycle environmental impacts. Our engineers are currently targeting cadmium and hexavalent chromium in new and existing product designs, and working to identify less hazardous alternative materials.

WATER CONSERVATION

We have reduced water use by 21% from 2008, exceeding our initial 10% reduction goal. We achieved these reductions through the use of 43 million gallons of recycled water, updated cooling towers, low-flow fixtures and innovative landscaping and irrigation techniques. We set a second, more aggressive goal last year to reduce water use by 25% between 2008 and 2015.

ENVIRONMENTALLY RESPONSIBLE RESTORATION

Raytheon invests significant resources in the responsible cleanup of past environmental contamination and in 2011 spent \$21.8 million on environmental remediation. Raytheon is involved in 41 active remediation sites, with a future combined cost estimate of \$227 million (present value of \$152 million before recovery). The 41 sites include 22 former and nine current operating locations, as well as 10 third-party landfill and recycling locations. Nine of the 41 sites are classified as Federal Superfund sites.



Raytheon has been named a 2011 WasteWise Partner of the Year by the EPA. The national award recognizes Raytheon's environmental commitment and outstanding achievements in reducing waste, recycling, and eco-friendly procurement.



Raytheon's commitment to STEM education is demonstrated in a number of different ways, including classroom mentoring, MATHCOUNTS[®] sponsorship, Team America Rocketry Challenge, and the MathAlive![™] traveling exhibit.

Supporting Our Communities

ENGAGE, INSPIRE AND HONOR

Raytheon is committed to our employees and our communities. We take a strategic approach to community outreach by focusing on three key areas: math and science education, armed services support and our local communities, which includes employee volunteering, charitable giving and contributions.

Since 2005, Raytheon has invested \$72 million in Science, Technology, Engineering and Mathematics (STEM) initiatives through MathMovesU[®], the company's flagship STEM program.

From virtual thrill rides, scholarships and sponsorships to special events, interactive experiences and national competitions, MathMovesU engages students with rich, dynamic content. It inspires them to see math and science in a whole new light, and then supports them throughout their academic careers as they set out to strengthen our nation's role as a global innovation leader.

Composed of an ever-expanding family of unique initiatives and key partnerships, the program takes a holistic approach to addressing the nation's STEM crisis. Connecting with students from elementary school through college, supporting educators and policymakers, promoting racial and gender equality — it's all part of making a meaningful, long-term impact that empowers students to succeed.

MATH AND SCIENCE EDUCATION

In 2011, Raytheon expanded the popular MathMovesU initiative with several new programs, sponsorships and partnerships.

Museum of Science, Boston's Engineering is Elementary[®] (EiE) Program

Raytheon donated \$1 million to expand the impact of Museum of Science, Boston's Engineering is Elementary[®] (EiE) program. Funds were designated to establish professional development centers in Alabama, Arizona, and the District of Columbia to support the training of elementary school teachers across the country. The classroom-proven curriculum has already reached more than 27,000 teachers and 2.5 million students.



Raytheon committed an additional \$1 million to establish the Raytheon-EiE Teacher Scholarship Program to:

- Facilitate the attendance and participation in EiE training workshops;
- Provide access to course materials; and
- Accelerate the adoption of the specialized EiE curriculum in elementary schools, focusing on those located in inner city, rural and disadvantaged areas.

Sum of all Thrills[™] presented by Raytheon

Raytheon also celebrated the second anniversary of Sum of all Thrills with an interactive component on mathmovesu.com. Children of all ages can now customdesign their own thrill ride online, and post and share ride creations on Facebook.

MathAlive! Presented by Raytheon

New in 2012, Raytheon's traveling interactive exhibit brings math to life for students and visitors of all ages. Making its debut at the Smithsonian in Washington, D.C., the exhibit will visit 15 U.S. and international cities in the next five years.

ARMED SERVICES SUPPORT

Supporting the Troops

Efforts to support our armed forces, veterans and their families continue to be a focus throughout Raytheon. Our five-year, \$2.5 million partnership with the Wounded Warrior Project (WWP) enabled WWP to expand its Transition Training Academies (TTA), educate more wounded warriors and caregivers, engage our employees in fundraising and volunteerism and empower wounded warriors and caregivers to compete for 21st century IT jobs. As a direct result of Raytheon's grant, in 2011 the Wounded Warrior Project added five training centers, graduated 647 students and its TTA students achieved a 100% CompTIA certification test pass rate. In addition,









RESULTS





















ATHCOUNTS



SPONSORSHIPS AND PARTNERSHIPS



our employees volunteered and raised more than \$15,000 for wounded warriors through events like Wounded Warrior Project's Soldier Ride and the Red Sox Run to Home Base.

In 2011, Raytheon also continued its support of Operation Homelink's mission to provide computers to families of junior enlisted service men and women so they can stay connected while loved ones are deployed. In 2011, we donated more than 800 surplus computers, bringing our total computers donated to nearly 3,000, and allowing Operation Homelink to donate 4500 computers to families and Wounded Warriors.

Raytheon also offered philanthropic support to a number of other organizations providing services to active-duty service members and their families and veterans, including the USO, the Marine Corps Scholarship Foundation, the Air Force Aid Society, Military Child Education Coalition, the American Bar Association's Pro Bono Military Project, and the Special Operations Warrior Foundation. This support provides scholarships, educational services and other resources for military families.

Throughout the year and across the country, Raytheon employees expressed their appreciation and admiration for our soldiers and veterans in a number of other ways: delivering meals and volunteering at local VA Medical Centers in Arizona, California and Massachusetts; welcoming troops home in Texas; and sending thousands of pounds of care packages to troops stationed overseas.

Raytheon also supported the 100th Anniversary of Naval Aviation through \$133,000 in grants to five different organizations.

DISASTER RELIEF

2011 was marked by major disasters, including the earthquake in Fukushima, Japan and tornadoes in the Southeastern United States. Our employees' response was overwhelming. Their contributions, combined with the company's gifts, totaled nearly \$1.1 million for the Red Cross to aid in these two disasters. Similarly, Raytheon supported a Private Sector Emergency Preparedness workshop held in Sendai, Japan after the earthquake devastated the region. The workshop was sponsored by the AsiaEMPLOYEE Volunteer hours

125% INCREASE OVER 2010

2761 Organizations Served

Pacific Economic Council and coordinated by the U.S. Department of Homeland Security and the Department of State with Japan's Ministry of Foreign Affairs.

EMPLOYEE ENGAGEMENT

Raytheon extended its community engagement outreach in 2011, demonstrating outstanding commitment to its focus areas of math and science initiatives, armed services support and local community projects. Our employees logged 172,062 volunteer hours in 2011, increasing their reported efforts by 125% over 2010 and by 374% over 2009. This included support for more than 250 MathMovesU events across the country including Explore Engineering Day, Science of Sports Science Fair, MATHCOUNTS[®] National Competition and National Engineers Week. Through their volunteer efforts in 2011, Raytheon employees reached more than 100,000 students, teachers and parents.

In 2011, Raytheon employees donated \$6.3 million to educational institutions and local cultural, social service and civic organizations.

Awards and Recognition

CONFIRMING OUR ACHIEVEMENTS IN CITIZENSHIP





For the second consecutive year, Raytheon has been named to FORTUNE[®] Magazine's 2011 North American Top Companies for Leaders list, recognizing the company's commitment to the development of talent and focus on leadership development.



Raytheon has once again been named to the Diversity-Business.com's list of Top 50 organizations for multicultural business opportunities.



For the seventh consecutive year, Raytheon has achieved a score of 100% on the Human Rights Campaign[®] Corporate Equality Index, recognizing achievements of the company in creating an inclusive and open environment for all.



The readers of Careers & the disABLED, Minority Engineer and Equal Opportunity Magazines once again honored Raytheon for its commitment to recruiting, hiring and promoting a positive work environment for their respective audiences.



Raytheon received the U.S. Environmental Protection Agency's 2012 ENERGY STAR Sustained Excellence Award, the highest honor given to ENERGY STAR partners. This is the fifth consecutive year Raytheon has received the Sustained Excellence Award and the eighth time in 12 years the company has been recognized under the program.



Raytheon has been named a 2011 WasteWise Partner of the Year by the U.S. Environmental Protection Agency. The national award recognizes Raytheon's environmental commitment and outstanding achievements in reducing waste, recycling, and eco-friendly procurement.



Raytheon was named to Computerworld's top 12 Green-IT organizations, showing exemplary progress in reducing energy consumption in our IT equipment and the use of technology to lower energy use elsewhere in our operations.



Raytheon Company was honored with the Corporate Courage Award at the annual We Are Boston Gala. Boston's Corporate Courage Award recognizes individuals and organizations that have made outstanding contributions to promoting the city's diversity and to fostering the integration of new Bostonians in all aspects of local life.

BOARD OF DIRECTORS

WILLIAM H. SWANSON Chairman and Chief Executive Officer Raytheon Company

JAMES E. CARTWRIGHT** General Joint Chiefs of Staff U.S. Marine Corps (Ret.)

VERNON E. CLARK Admiral Chief of Naval Operations U.S. Navy (Ret.)

JOHN M. DEUTCH Institute Professor Massachusetts Institute of Technology **STEPHEN J. HADLEY** Principal The RiceHadley Group, LLC

FREDERIC M. POSES Retired Chairman and Chief Executive Officer Trane, Inc.

MICHAEL C. RUETTGERS* Retired Chairman and Chief Executive Officer EMC Corporation

RONALD L. SKATES Retired President and Chief Executive Officer Data General Corporation

WILLIAM R. SPIVEY

Retired President and Chief Executive Officer Luminent, Inc.

LINDA G. STUNTZ Partner Stuntz, Davis & Staffier, P.C.

* Lead Director ** Elected to the Board in 2012

LEADERSHIP TEAM

WILLIAM H. SWANSON Chairman and Chief Executive Officer Raytheon Company

DANIEL J. CROWLEY President Network Centric Systems

THOMAS M. CULLIGAN Senior Vice President Business Development, RII Raytheon Company

LYNN A. DUGLE President Intelligence and Information Systems

LAWRENCE J. HARRINGTON Vice President Internal Audit Raytheon Company

JOHN D. HARRIS II President Technical Services MICHAEL M. HOEFFLER Vice President Raytheon Company Evaluation Team

THOMAS A. KENNEDY, PH.D. President Integrated Defense Systems

TAYLOR W. LAWRENCE, PH.D. President Missile Systems

EDWARD MIYASHIRO* Vice President Raytheon Company Evaluation Team

KEITH J. PEDEN Senior Vice President Human Resources Raytheon Company

REBECCA R. RHOADS Vice President and Chief Information Officer Raytheon Company

MARK E. RUSSELL Vice President Engineering, Technology and Mission Assurance Raytheon Company JAY B. STEPHENS Senior Vice President General Counsel and Secretary Raytheon Company

DAVID C. WAJSGRAS Senior Vice President and Chief Financial Officer Raytheon Company

PAMELA A. WICKHAM Vice President Corporate Affairs and Communications Raytheon Company

M. DAVID WILKINS Vice President Contracts and Supply Chain Raytheon Company

RICHARD R. YUSE President Space and Airborne Systems

* Effective April 2012



FROM LEFT TO RIGHT: M. Russell, J. Stephens, D. Wajsgras, D. Crowley, L. Harrington, M. Hoeffler, L. Dugle, T. Culligan, D. Wilkins, W. Swanson, R. Rhoads, K. Peden, P. Wickham, T. Lawrence, E. Miyashiro, J. Harris, R. Yuse, T. Kennedy



Customer Success Is Our Mission

Raytheon Company 870 Winter Street, Waltham, Massachusetts 02451-1449 USA | 781.522.3000







Raytheon, Customer Success is our Mission, Six Sigma and MathMovesU are registered trademarks of Raytheon Company. Wounded Warrior Project is a registered trademark of The United Spinal Association. CMMI is a registered trademark of Carnegie Mellon University. Global Hawk is a registered trademark of Northrop Grumman. Quit for Life is a registered trademark of Alere Wellbeing, Inc. LEED is a registered trademark of the US Green Building Council. Carbon Disclosure Project is a registered trademark of the Carbon Disclosure Project. Energy with Energy Star Design and Energy Star are both registered trademarks of the US. Environmental Protection Agency. Mathcounts is a registered trademark of the Mathcounts Foundation Corporation. MathAlivel is a trademark of Evergreene Exhibitions, ITD. Engineering is Elementary and Ele are both registered trademarks of the Museuum of Science. The Hall at Patriot Place is a registered trademark of the United States Foundation for Inspiration and Recognition of Science and Technology. Creating Solutions, Inspiring Action is a registered trademark of The Business Higher Education Forum. Sum of all Thrill is a trademark of the United States Foundation. Computerworld is a registered trademark of a registered trademark of Business Higher Education Forum. Sum of all Thrills is a trademark of Lawethue Computerworld Inc. WasteWise is a registered trademark of WCM, Inc. Copyright © 2012 Raytheon Company. All rights reserved.